

JPRS 75260

6 March 1980

USSR Report

ECONOMIC AFFAIRS

No. 915



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available through Bell & Howell, Old Mansfield Road, Wooster, Ohio, 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

Soviet books and journal articles displaying a copyright notice are reproduced and sold by NTIS with permission of the copyright agency of the Soviet Union. Permission for further reproduction must be obtained from copyright owner.

REPORT DOCUMENTATION PAGE	1. REPORT NO. JPRS 75260	2.	3. Recipient's Accession No.
4. Title and Subtitle USSR REPORT: ECONOMIC AFFAIRS, No. 915		5. Report Date 6 March 1930	
7. Author(s)		6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201		8. Performing Organization Rept. No.	
10. Project/Task/Work Unit No.		11. Contract(C) or Grant(G) No.	
12. Sponsoring Organization Name and Address As above		(C) (G)	
13. Type of Report & Period Covered		14.	
15. Supplementary Notes			
16. Abstract (Limit: 200 words) This serial report contains information on national economic policy, planning, and management, including discussions of the all-union budget, national income, capital investments, prices, financial measures, and problems of supply. Also included are plans and discussions related to overall industrial development and to the application of technology in the economy.			
17. Document Analysis a. Descriptors USSR Economics			
b. Identifiers/Open-Ended Terms			
c. COSATI Field/Group 5A, 5C			
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 45
		20. Security Class (This Page) UNCLASSIFIED	22. Price

6 March 1980

USSR REPORT ECONOMIC AFFAIRS

No. 915

CONTENTS	PAGE
ECONOMIC POLICY, ORGANIZATION, AND MANAGEMENT	
Soviet Olympics Official on Importance of Moscow Games (Various Sources, No 1, 1980)	1
Announcement of Article Series Text of First Article, by V. I. Koval	
BUDGET AND FINANCE	
New USSR Statute on Balance Sheet, Accounting Procedures (Ya. I. Tsveybak; FINANSY SSSR, Dec 79)	10
INDUSTRIAL DEVELOPMENT AND PERFORMANCE	
Changes in Operation of Patent System Urged (O. Myazdrikov; SOTSIALISTICHESKAYA INDUSTRIYA, 12 Dec 79)	24
Comprehensive Programs for Quality Control in the Making (EKONOMICHESKAYA GAZETA, Jan 80)	28
Criteria, Indicators of Effectiveness Analyzed (Ye. Kapustin, V. Rybin; EKONOMICHESKAYA GAZETA, Jan 80)	33
REGIONAL DEVELOPMENT	
Symposium on Legal Aspects of Regional Development (KHOZYAYSTVO I PRAVO, Dec 79)	39

ECONOMIC POLICY, ORGANIZATION, AND MANAGEMENT

SOVIET OLYMPICS OFFICIAL ON IMPORTANCE OF MOSCOW GAMES

Announcement of Article Series

[Editorial Report] Novosibirsk EKONOMIKA I ORGANIZATSIYA PROIZODSTVA in Russian No 1, 1980, signed to press 7 November 1979, announces that, beginning with the first issue of 1980, the journal plans to publish a series of articles on the economics of the Olympic games. The author of the series is V.I. Koval', vice president of the Organizing Committee for the 22d Olympic Games in Moscow. The first article appears in translation below. According to the announcement, the six other articles the monthly journal plans to publish will treat:

- "The Infrastructure of the Olympics"
- "Symbolism of the Olympics"
- "Televising the Olympics"
- "Olympic Coins and Stamps"
- "The Lottery and Tickets for the Olympics"
- "Olympic Publicity"

Text of First Article

Novosibirsk EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA in Russian No 1, 1980 signed to press 7 Nov 79 pp 186-193

[Article by V.I. Koval, vice president of the Organizing Committee of the 22d Olympic Games: "The Economic Program of the 1980 Olympics"]

[Text] Olympic Moscow

On 23 October 1974 at the 75th session of the International Olympic Committee (IOC), after having heard the arguments of both claimants for the right to be host of the next Olympics (Los Angeles competed with Moscow), the session's

participants resolved the dispute by secret vote. President of the IOC Michael Killanin announced to those gathered in the conference hall of the Vienna City Hall: "Moscow has been chosen as the organizer of the games of the 22d Olympics..."

The Olympic games have become one of the biggest of international undertakings. In fulfilling their basic amateur sports function, they provide the opportunity for the organizers of the games to demonstrate the achievements of their countries in different fields--scientific, technical, economic, political, social, cultural and, of course, sports. Few other measures on an international scale evoke such an interest among the most different strata of the population of the globe as do the the Olympic games. They attract the close attention of state and political figures, sociologists, psychologists, men of science, culture, sports, economists and businessmen.

The Olympic games are a giant exhibition in action. No other major international exposition can compare in this regard to the Olympic games. This is why different firms, companies, organizations and trusts show an exceptional interest in the organization of the games. The business world utilizes the Olympic games for the purpose of advertising their products, services and resources. The entrepreneurs who offer goods and services to the organizers and participants of the games count on getting broad publicity and direct extra profit from the increased demand for their goods on the part of tourists and television viewers, and not just in the course of the games themselves.

It is quite understandable that holding the Olympic games is not only a great honor but also demands of the organizers great organizational efforts and considerable financial expenditures. Expensive complexes are built and modern technical services systems set up in the organizing country in the period of preparation for the games. Tremendous capital investments are required for the development of systems of communications and information transmission over multichannel color television systems using satellites and of facsimile, teletype and other forms of communication.

It should be emphasized that, according to the rules of the IOC and of the Olympic movement, a commercial approach to the use of the Olympic games is not permitted. However, a sensible business-like approach to the determination of expenditures and the sources for defraying them is possible and necessary.

In 1980 the Olympics will be held for the first time in a socialist state. However, long before Moscow was chosen host of the 22d Olympics, our foes abroad initiated an energetic propaganda campaign, advancing many arguments about the technical and economic unpreparedness of the Soviet Union to arrange and conduct the Olympic games. The closer the games, the more intense and more open the campaign. It casts an inauspicious shadow on the noble Olympic movement by utilizing lies and unscrupulous rumors. Lies must be answered with truth.

**Характеристика масштабов организационной деятельности
последних, наиболее массовых Олимпийских игр**

Характеристики масштабов деятельности 1)	2) Олимпийские игры		
	Мюнхен-72 3)	Монреаль-76 4)	Москва-80 (прогноз) 5)
6) Количество стран-участниц игр	122	92	125—135
7) Количество участвующих спортсменов, тыс.	12,0	10,0	12,6
8) Количество аккредитованных журналистов, тыс.	9,2	9,6	7,5
9) Количество международных телевизионных каналов	12	6	18—20
10) Количество телезрителей, млрд.	1,0	1,5	2,0
11) Количество билетов на спортивные соревнования, млн.	4,0	3,2	5,8

Table 1: Description of the Scale of Organizational Activity of the Most Recent and Largest Olympic Games

Key:

- | | |
|---|--|
| 1. Descriptions | 8. Number of accredited journalists, thousands |
| 2. Olympic games | 9. Number of international television channels |
| 3. Munich-72 | 10. Number of television viewers, billions |
| 4. Montreal-76 | 11. Number of tickets to sports events, millions |
| 5. Moscow-80 (prediction) | |
| 6. Number of countries participating in games | |
| 7. Number of participating sportsmen, thousands | |



Figure 1: Structure of Revenues From Games of 20th Olympics (Munich)
(Key on following page)

Key: (for Figure 1)

1. Other programs, symbolism and advertising 19.3 million (4.9 percent)
2. Official suppliers and sponsors 9.1 million (2.3 percent)
3. Tickets 15.1 million (3.9 percent)
4. \$390.7 million (100 percent)
5. Lottery 121.2 million (31.0 percent)
6. Sale of television rights 18.1 million (4.6 percent)
7. Commemorative coins, medals and stamps 207.9 million (53.3 percent)

The Scale of the 1980 Olympics

About 2 million television viewers will be watching the games in Moscow. Our capital will accommodate more than 12,000 sportsmen from 125 to 135 countries, more than 7,500 journalists, commentators, motion-picture and television cameramen, more than 3,500 judges and as many representatives of sports federations. The International Olympic Committee will be represented by officials from the 89 IOC member countries and the 135 National Olympic Committees (NOC) which it recognizes. All representatives of the IOC, NOC's, sports federations, guests and journalists have the right to speak in any of the five official languages--French, English, Russian, German and Spanish; this right to speak and to be understood is ensured by the 10,500 interpreters of the Organizing Committee. World-famous cameramen and producers will photograph the Olympic games on order of the Organizing Committee; the wide-screen color epic of the 22d Olympics will then become the property and historical relic of the IOC.

Sports are the principal feature of the Olympics. The sports program of games from 19 July through 2 August includes 203 independent contests; it includes all forms of sport designated in the Olympic charter. In contrast to Montreal in 1976, a women's field-hockey tournament has been added. All major official events of the games are not just scheduled by hours and minutes (a year ahead of time), but considered as impressive mass cultural spectacles. At the games only the sports event has the right to be spontaneous. Everything else, rehearsed and checked (at the Spartakiad of the Peoples of the USSR in 1979), is confined within the iron framework of the organizational, economic and cultural program.

The cultural program adopted by the Organizing Committee has been arranged for a 16 month period from 1 July 1979 to 1 October 1980. This is the biggest festival of the arts in the history of the Olympics. During the Olympics, the Soviet capital will be transformed into a vast auditorium in which 120 of the country's best artistic collectives will appear. Colorful cultural programs will be launched at the same time in Tallin, Kiev, Minsk and Leningrad, where, as is known, a portion of the Olympic competitions will also be held. From 28 June through 8 August 1980, more than 30 museums and exhibitions in Moscow will show their expositions and 144 ballet and opera performances, more than 450 performances in dramatic theaters, 1,500

stage concerts and 350 presentations in circuses will be given. Sergey Obrastsov's puppets will provide a new sports satirical performance. The capital's former motorcycle-racing champion Lyudmila Zykina will appear with the new Rossiya Folk Ensemble. In the circus ring, Oleg Popov will bring out a living mascot of the Olympics--a clumsy little bear with a five-color Olympic belt. The Moscow Olympic performances during the games will be attended by 3.5 million spectators.

Behind all this is the tremendous preparatory work of the Organizing Committee of the 1980 Olympics to which has been transferred all the functions of the USSR National Olympic Committee. The Organizational Committee has 21 permanent commissions. The working staff of the Organizing Committee consists of 1,000 highly qualified organizers--specialists who have an excellent knowledge of amateur sports and have a wealth of experience in international contacts. The Organizing Committee is directed by a presidium of 11 persons and an executive bureau of 12 persons. The Organizing Committee is headed by I.T. Novikov, Deputy Chairman of the USSR Council of Ministers, member of the CPSU Central Committee, deputy to the USSR Supreme Soviet and Hero of Socialist Labor.

The Organizing Committee has close connections with the central apparatus of the IOC, with all the 135 NOC countries which are possible participants of the games and with more than 200 nongovernmental organizations at the international level. The broadest possible national representations, greater than at any time previously, is expected at the games. Already for a whole year we have had 46 agreements with NOC's as well as with a large number of agent firms.

The most serious task of the Organizing Committee has been, is and will continue to be the budget of the games, the economic program of the Olympics, which would make it possible to defray all the organizational expenses and partially compensate for the capital outlays.

The first preliminary calculations in substantiation of our economic program have shown already that with efficient organization, our country will not suffer economic losses. All expenses connected with the creation of the material base for the 1980 Olympics--modernization of sports facilities, their fitting out with equipment, sports goods, results display apparatus--as well as organizational expenditures will be fully defrayed through the economic program of the Olympics.

The Strategy of the Moscow Organizational Committee

All expenditures connected with the preparation for and holding of the Olympic games can be broken down into 3 special-purpose groups: (a) development of the infrastructure of the city and of national sectors of the economy (television, communications, the power system and so on); (b) creation of the actual material-technical base for the games (construction, modernization and provision of equipment for sports facilities and press

centers, the equipping of the Olympic Village and so on); (c) operational or organizational expenditures connected with the creation of the Organizing Committee and with its work (wages of staff workers, informational and advertising expenditures, reception of national sports teams, personnel of international sports federations and the IOC, and of journalists during the period of the games, servicing of the games and so on).



Figure 2: Structure of Revenues From Games of 21st Olympics (Montreal)

Key:

1. \$430 million (100 percent)
2. Other programs, symbolism and advertising \$12 million (2.8 percent)
3. Official suppliers and sponsors \$9 million (2.1 percent)
4. Tickets \$27 million (6.3 percent)
5. Sale of television rights \$32 million (7.4 percent)
6. Lottery \$235 million (57.7 percent)
7. Commemorative coins, medals and stamps \$115 million (26.7 percent)

Expenditures have to be reduced--this is a hackneyed proposition. However, it is hardly rational to attempt the reduction of all operational expenses of the Olympics. The desire to reduce technological expenditures could lead to the impoverishment of the program of the games and to a lowering of the level of their conduct; for reasons of prestige, organizational committees have not taken this route. It would be better to lower the level of administrative and managerial expenditures and those connected with servicing of the games: there are certain reserves that make it possible to reduce the total level of operational expenses. A lot depends on the selection of technical facilities and their cost, on the staffs and organization of the apparatus of the Organizing Committee, on the effectiveness of the measures of the economic program and on many other things.

**Операционные расходы Оргкомитета Олимпийских игр
в Монреале (1976 г.)**

1) Основные группы расходов	2) Величина расходов	
	млн. долл.	%
4) Официальные церемонии	5,5	2,7
5) Организация соревнований	15,5	7,6
6) Строительство	19,3	9,3
7) Оборудование олимпийской деревни	15,4	7,4
8) Изготовление и реализация билетов	7,0	3,4
9) Графика и дизайн	3,1	1,5
10) Культурная программа	2,1	1,0
11) Обслуживание игр	28,2	13,6
12) Оплата средств связи	16,7	8,1
13) Техническое обеспечение	15,9	7,7
14) Административные расходы	20,9	10,1
15) Кадры (подготовка, управление)	8,0	3,7
16) Обеспечение программ финансиро- вания	38,0	18,4
17) Прочие расходы	11,4	5,5
18) ИТОГО	207,0	100%

Table 2: Operational Expenses of the Organizing Committee of the Olympic Games in Montreal (1976)

Key:

1. Basic groups of expenditures
2. Size of expenditures
3. Millions of dollars
4. Official ceremonies
5. Organization of competitions
6. Construction
7. Equipment of Olympic Village
8. Printing and sale of tickets
9. Graphics and designs
10. Cultural program
11. Servicing of games
12. Payment for communication facilities
13. Technical services
14. Administrative expenses
15. Cadres (training, management)
16. Provision of financing programs
17. Other expenses
18. TOTAL

The experience of holding recent Olympics shows that the revenues of the organizational committees cover operational expenses. The remaining portion of the monetary funds, as the share participation of the organizational committees, is allotted to expenditures connected with the creation of the material-technical base of the Olympics and the development of the infrastructure. Naturally, the lower the level of operational expenditures, the greater the portion of the revenues of the organizational committees that can be allocated for the creation of fixed capital.

The Organizing Committee of the 1980 Olympics had two basic possibilities for boosting the efficiency coefficient of the economic program: expansion of the actual program and reduction of the level of operational expenditures. The best results can be achieved by using both these methods. This was the strategy of the work of the Moscow Organizational Committee.

The Ten Points of the Program

The economic program of the 1980 Olympics includes the following 10 basic schemes: (1) commercially licensed use of the symbolism of the 1980 Olympics on consumer goods and souvenirs; (2) production and sale of commemorative Olympic coins and medals; (3) production and sale of postal stamps and first-day cancellation envelopes and other philatelic products; (4) holding of various sports and number and Olympic lotteries; (5) attracting firms and organizations as official suppliers for the Olympics; (6) voluntary contributions to the Olympics fund; (7) sale of rights to broadcast the games to foreign television companies; (8) advertising and informational activities of the Organizing Committee; (9) sales of tickets for the games; (10) the insuring of game participants, guests, tourists, sports goods, equipment and technical facilities. Carrying out of the last two schemes relates to the concluding stage of the preparations for the games. The Organizing Committee began the implementation of all the others early.

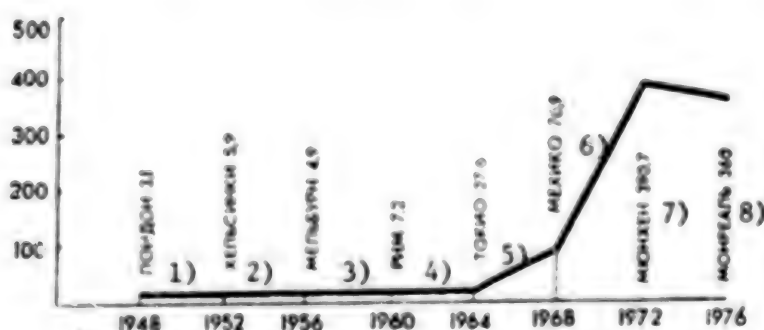


Figure 3: Revenues of Olympic Organizing Committees, Millions of Dollars

Key: 1. London 3.1 2. Helsinki 5.9 3. Melbourne 4.9
 4. Rome 7.2 5. Tokyo 27.6 6. Mexico 76.9
 7. Munich 390.7 8. Montreal 360

The successful development of all 10 schemes of the economic program is based in our country on a whole series of objective conditions. Everybody knows of the scope of the physical culture movement in the USSR. Some 57.8 million people engage in sports in our country; of these 34 million are members of various voluntary sports societies. Industrial hygiene gymnastics are regularly practiced by 22.3 million persons at 14,000 enterprises and organizations. The Spartakiads of the peoples of the USSR attract more than 75 million sports-lovers to the stadiums. We should not forget to take into account the fact that we started earlier than our predecessors on preparing for the games (study of the experience of foreign organizational committees and accumulation of materials began before the Organizing Committee of the 1980 Olympics even existed!) Finally, speaking of economic prerequisites, one should note that a very large internal market has been created in the USSR; according to our calculations, it exceeds the market of any other country previously connected with the holding of the games.

It was by no means simple to achieve international Olympic cooperation. The Organizing Committee had to organize the broad recruitment of foreign firms, organizations and businessmen as intermediaries. Many of them have ideological orientations, views on life and business cooperation and outlook on international problems that differ significantly from our views. Still we had to work with them seriously and for a long time. Of no little importance were the legal support of the economic program abroad, observance of the laws of different countries and legal defense of the interests of the Organizing Committee. An enormous program had to be realized in the creation of the Olympics' infrastructure. But this will be dealt with in the next article.

COPYRIGHT: Izdatel'stvo "Nauka", "Ekonomika i organizatsiya promyshlennogo proizvodstva", 1980

7697

CSO: 1820

BUDGET AND FINANCE

NEW USSR STATUTE ON BALANCE SHEET, ACCOUNTING PROCEDURES

Moscow FINANSY SSSR in Russian No 12, Dec 79 pp 51-58

[Article by Ya. I. Tsveybak: "New Statute on Accounting Procedures and Balance Sheets"]

[Text] The decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Increasing the Impact of the Economic Mechanism on Increasing the Effectiveness of Production and Improving the Quality of the Work" (dated 12 July 1979) emphasized the need to raise the level of planning and management, to bring it into line with modern demands, to secure a significant increase in the effectiveness of social production, to accelerate scientific and technical progress, to increase labor productivity, to improve product quality and on this basis to secure continuous improvement in the nation's economy and in the people's well-being.

The improvement of indicators of accountability is an important measure toward the realization of the given tasks since the content of these indicators is conditioned by the requirements of socialist planning and management of the national economy.

Indicators of accountability (operational, statistical, accounting) constitute information which on the basis of accounting data characterizes the results of various aspects of the activity of an enterprise (organization) for the ex post period. This information is used in observations of the course of fulfillment of plan targets and in monitoring the integrity of socialist property. Accountability indicators are used for the operational management of the work of enterprises, for the economic analysis of their activity with the aim of eliciting and utilizing internal economic reserves, and for subsequent planning, financing and credit activity. In summary form, accountability indicators of enterprises (organizations) provide current information on the fulfillment of plan targets for branches of industry, for union republics, and for the nation as a whole.

The great national economic significance of accounting accountability indicators necessitated the legislative regulation of the procedure governing its compilation, submission and ratification. Such regulation is contained in the Statute on Accounting Procedures and Balance Sheets of Enterprises and Organizations.

The new Statute on Accounting Procedures and Balance Sheets, ratified by the USSR Council of Ministers, will take effect on 1 January 1980. The statute takes into account amendments occasioned by the economic reform and partially incorporated in the previous Statute ratified by the USSR Council of Ministers in 1951. Thus, it includes instructions on accounting and accountability relating to union and republic industrial associations, production associations and other associations. In this document, the various sections are arranged more logically than in its predecessor from the standpoint of the analysis and compilation of accountability: in the beginning there are sections on the rules governing the compilation of accounting reports and balance sheets, on the inventory of items in the balance sheets, on the procedure for writing off property. Only then is there a description of the procedure for submitting and ratifying accounting reports and balance sheets.

The new Statute, which consists of five sections, takes into account a number of remarks and proposals by USSR ministries and departments and councils of ministers of union republics made in the course of the discussion of the Statute: on changes in the inventory period in regions of the Far North, on increasing the limit of value established for the accounting of low-cost and rapidly depreciating objects, etc.

General Principles

The first section of the Statute indicates the enterprises and organizations to which it applies and regulates questions relating to the management of accounting and accountability in the nation's economy.

The Statute applies to cost-accounting enterprises and organizations that have their own balance sheet and that are legal entities and does not apply to budget institutions. The procedure governing the compilation of accounting reports and balance sheets by budget-financed organizations and institutions is articulated by the USSR Ministry of Finance. Unlike its predecessor, the new Statute also applies to kolkhozes. However, the particulars of its application in this case are determined by the Union Council of Kolkhozes with the consent of the USSR Statistical Administration.

A new feature is the instructions vis-a-vis production associations, which also apply to science-production, construction-installation, production-agrarian, and other associations for which rules and obligations in accounting and accountability are the same as for production associations.

It should also be noted that the new Statute's instructions regarding all-union and republic industrial associations apply to agro-industrial and other associations for which the same accounting and accountability rules are established as for industrial associations.

The regulation of matters relating to the management of accounting at enterprises and in organizations is slightly abridged and updated. In particular, the Statute excludes questions pertaining to the management of accounting which is performed by ministries and departments in accordance with existing normative documents (the general Statute on Ministries of the USSR, etc.). However this does not abolish the action of the indicated normative documents.

The USSR Ministry of Finance exercises general methodological supervision over the accounting and accountability of associations, enterprises and organizations (rather than ministries and departments as in the past). Accordingly, the USSR Ministry of Finance with the consent of the USSR Statistical Administration devises standard accounting plans, standard accounting and accountability forms, and instructions on their application. A special place is occupied by the elaboration and ratification by the USSR Ministry of Finance and the USSR Central Statistical Administration of the volume (composition) of accounting accountability which is a list of forms whose indicators characterize the activity of an enterprise, association, administration, and ministry in the ex post period. The volume (composition) of accountability is determined as a function of the ex post period (month, quarter, year) and the number of enterprises that it encompasses (summary). Thus, union and republic industrial associations, main administrations, and other economic management organs compile summary monthly, quarterly and annual accounting reports and balance sheets while ministries and departments compile summary quarterly and annual reports and balances.

The volume (composition) of accounting accountability includes standard forms -- general forms for use at all enterprises and in organizations in a given type of activity (Balance No 1 on the Basic Activity of Industrial Enterprises and others) or general forms for use at enterprises and in organizations engaged in many types of activity (Report No 3 on the Movement of Charter Capital, etc.), and specialized forms used at enterprises and in organizations of individual branches. For example, the report on the sale of groups of industrial products (Form No 1-sp) is submitted exclusively by enterprises in the food, dairy, meat, and fish industry as a part of the semiannual accountability.

Specialized accounting forms are submitted by ministries and agencies of the USSR and are ratified by the USSR Ministry of Finance and the USSR Central Statistical Administration. Instructions on the procedure for completing these forms are ratified by the corresponding ministries and departments.

Accounting forms for enterprises and organizations in the same branch of the national economy belonging to several ministries and departments of the USSR (for supply and sales organizations and enterprises, state trade organizations, state farms) are also ratified by the USSR Ministry of Finance and the USSR Central Statistical Administration upon being submitted by USSR ministries and departments that are the leaders in a given branch of the national economy. These forms of accountability and instructions on the procedure for completing them, upon being ratified by the indicated ministries and departments with the consent of the USSR Ministry of Finance and the USSR Central Statistical Administration are binding on enterprises and organizations of a branch irrespective of departmental subordination.

Every year the USSR Ministry of Finance and the USSR Central Statistical Administration publish letters on the volume and forms of periodic accountability and the annual reports of enterprises and organizations of union,

republic and local subordination for various types of basic activity; instructions on their compilation and instructions on the procedure governing the compilation and submission of summary annual reports by ministries, departments, main administrations, and other organs of economic management.

Exercising methodological supervision of accounting and accountability, the USSR Ministry of Finance with the consent of the USSR Central Statistical Administration ratifies statutes and instructions (on fixed capital accounting, on materials accounting, etc.) and together with the USSR State Planning Committee, the USSR State Committee on Prices and the USSR Central Statistical Administration ratifies basic statutes on the planning, accounting and calculation of the prime cost of production at enterprises.

In accordance with existing normative documents ministries and departments exercise direct supervision over accounting and accountability in associations and at enterprises and in organizations belonging to their system, including enterprises and organizations of republic (ASSR) and joint subordination. On the basis of statutes and instructions of the USSR Ministry of Finance, they publish instructions on the methodology and organization of accounting for subordinate enterprises and organizations, elaborate and implement measures on the centralization and mechanization of accounting, on the introduction of progressive forms and methods, and on the organization of primary accounting.

On the basis of the above indicated basic principles and with regard to branch particulars ministries and departments elaborate and ratify instructions on planning, accounting and calculating prime cost of production for enterprises in the corresponding branches. At the same time, the basic features in the methodology of planning, accounting and calculation of the prime cost of production are coordinated with the USSR State Planning Committee, with the USSR Ministry of Finance, with the USSR State Committee on Prices, and with the USSR Central Statistical Administration.

The new Statute on Accounting Procedures and Balance Sheets concretized the procedure for setting up a separate balance sheet for enterprises and organizations, for their individual production facilities and farms (subsidiary farming, logging, housing and municipal services, transportation facilities), and for production units belonging to production associations. The right to establish a separate balance sheet is granted to enterprises and organizations affected by the Statute on the Socialist State Production Enterprise. The establishment of a separate balance sheet for production facilities and farms of enterprises and organizations not affected by the aforementioned Statute is permitted with the authorization of higher authority.

Rules Governing the Compilation of Accounting Reports and Balance Sheets

The compilation of accounting reports in full correspondence with the established rules is an obligatory condition that guarantees their authenticity.

This necessitates the preliminary verification of the accounting entries and their correspondence to backup data. Accordingly, the second section of the new Statute devotes special attention to securing the following points in the compilation of accounting reports and balance sheets: the complete reflection of all economic operations and results of inventorying items of the balance sheet for the period covered by the report; the identity of analytical accounting data on turnover and remainders and synthetic accounting data on the first day of every month and of indicators of accounts and balance sheets according to synthetic and analytical accounting data. The Statute emphasizes that the nonobservance of these basic conditions is regarded as the incorrect compilation of accounting reports and balance sheets.

The second section regulates in greater detail the procedure for reflecting capital investments, fixed capital, amortization, raw materials, supplies, finished products, and commodities in the balance sheet. It also describes the manner in which the balance sheet should reflect expenditures and income of future periods, reserves for future expenditures and payments, the settlement of accounts between debtors and creditors, and other items of the balance sheet. The previous procedure for reflecting these items in reports is for the most part preserved.

Some changes have been made in the procedure for identifying low-cost and rapidly depreciating objects. Previously this category referred to objects with a value below the limit established by the corresponding ministries and agencies under 50 rubles per unit irrespective of their service life. The new Statute raises this limit to 100 rubles. Accordingly, the USSR Ministry of Finance (Letter No 42V dated 20 August 1979) established the procedure for transferring low-cost and rapidly depreciating objects from the category of fixed capital to capital in circulation. It is stipulated that normative own working capital be increased by the residual value of items transferred from "Fixed Capital" (Account 01) to "Low-Cost and Rapidly Depreciating Objects" (Account 12). The new Statute expands the list of objects classified as 'low-cost' and 'rapidly depreciating'. The list specifically includes:

- perennial plantings grown as planting stock in nurseries;
- fishing gear (trawls, seines, rope, drag nets, etc.) irrespective of cost and service life;
- instruments, automated systems and laboratory equipment (costing up to 300 rubles a unit) acquired by scientific research organizations (including organizations that are production and structural units of associations) and by associations and industrial enterprises for central plant laboratories.

The procedure for depreciating low-cost and rapidly depreciating objects, special tools, accessories, special clothing, special footwear, and bedding remains unchanged. These items are listed in their initial value in the balance sheet and their total depreciation is reflected in a special item. The value of these items in use is depreciated according to their service life.

It is also authorized to depreciate these objects by 50 percent when they are transferred from the warehouse and placed in operation and to depreciate them by the remaining 50 percent (excluding the value of these objects based on the price of potential use) when they are retired as unusable.

This procedure does not apply to low-cost and rapidly depreciating objects purchased from economic incentive funds or from special financing. These objects are depreciated fully as the given sources of financing diminish.

In the case of special tools and accessories, their value at enterprises engaged in series and mass production is depreciated in accordance with the established norm or estimated rate computed on the basis of the estimated cost of their manufacture (acquisition) and planned output up to two years. In the case of special tools and accessories made to order, their value is fully depreciated when the order is filled.

The procedure for evaluating other articles in the balance sheet also remains essentially the same. Thus, raw materials, basic and auxiliary supplies, fuel, purchased semifabricates and components, spare parts, packaging materials, and other materials are shown in their actual prime cost in the balance sheet, including all expenditures on the acquisition of and delivery of materials to warehouses.

The actual prime cost of incomplete production and work is reflected in the "Incomplete Production" item of the balance sheet.

The new Statute contains a subsection: "Expenditures and Income of Future Periods and Reserves for Future Payments." Expenditures that are made in the ex post period but that are to be canceled in future ex post periods are reflected in the balance sheet item "Expenditures of Future Periods" are to be applied against production costs or marketing costs for a period not to exceed two years, and in cases stipulated by ministries and departments with the consent of the USSR State Planning Committee and the USSR Ministry of Finance -- for a period not to exceed four years unless another procedure for defraying the given expenditures is indicated in decisions of the USSR Council of Ministers.

The balance sheet item "Reserve for Defraying Future Expenditures and Payments" shows the reserve that is formed by enterprises and organizations under the established procedure (for workers' leave, for routine repairs of fixed capital, guaranteed reserve for making payments to customers on goods sold under warranty). The formation of reserves for defraying any manner of anticipated expenditures and losses other than those indicated above is permitted only with the special authorization of the USSR Ministry of Finance in each instance.

Certain adjustments have been made in the methods used to form the reserve for workers' leave and for annual payments to workers and employees for length of service. Reserves are established not only for paying wages to workers on leave and for making annual payments to workers and employees

but also for social insurance contributions from these sums. The established procedure envisages a reserve in the amount required for the paid leave of workers, production personnel (only in project-planning and surveying organizations) and personnel in all categories in the Far North and equivalent regions.

The new Statute abridges the subsection "Settlement of Accounts With Debtors and Creditors and Other Items in the Balance Sheet" by transferring the procedure for writing off debts resulting from shortages, embezzlement, theft, etc. to Section IV. This subsection formulates more succinctly the procedure for reflecting in reports fines and penalties paid and received. Thus, fines and penalties acknowledged by the debtor and ordered by courts, boards of arbitration or other organs are classified under the heading of the results of economic activity (unless otherwise stipulated) and pending their receipt or payment are debited or credited accordingly in the balance sheets.

For example, in December 1978 a board of arbitration satisfies the claim of one enterprise against another, levies a fine against the offending enterprise, and stipulates that the fine be paid in January 1979. The plaintiff enterprise reflects the awarded sum under the heading of accounts receivable for 1978 while the defendant enterprise lists the same sum under the heading of accounts payable (in accordance with the corresponding debit and credit entries in "Profit and Loss" (Account No 99).

Inventorying Items in the Balance Sheet

The new Statute expands the list of objects that are to be inventoried and recommends inventory schedules. Thus, oil and petroleum products are inventoried at least once a month; precious metals and diamonds are inventoried at least twice a year; library collections are inventoried according to a procedure established by ministries and departments.

Previously established inventory schedules are for the most part retained. Thus, the data contained in the annual report must be confirmed by an inventory of fixed capital (no earlier than 1 November of the report year), of incomplete production and semifabricates (no earlier than 1 October of the report year), of raw materials, etc. (no earlier than 1 October of the report year), etc.

The number of inventories to be conducted in a year and the time for which they are scheduled may if necessary be changed by heads of ministries and departments of the USSR with the consent of the USSR Ministry of Finance or ministries of finance of union republics.

A new feature is that ministries and departments may authorize subordinate production associations, enterprises and organizations that are situated in the Far North or in equivalent regions and that are engaged in the transportation of goods, raw materials, and supplies during the navigation season to take inventory when the inventory of goods, raw materials and supplies is lowest, usually before the navigation season begins. This will unquestionably reduce the labor-intensiveness of the inventory-taking process.

The Procedure for Writing Off from the Balance Sheet Property That Has Become Unusable, Debts, Deficiencies, and Losses Due to Spoilage

The section bearing the above title is established for the first time. The fourth section of the new Statute presents the procedure for writing off obsolete, worn-out and unusable equipment, means of transport, and tools when the restoration of this property is impossible or economically inexpedient; and buildings and structures that are razed in connection with the construction of new buildings and structures, with the expansion, reconstruction and technical retooling of existing enterprises and objects, or that have become dilapidated.

Losses from the liquidation of not entirely amortized fixed capital are classified among the results of the economic activity of production associations, enterprises and organizations unless another procedure is established by the USSR Council of Ministers. Thus, the results of economic activity of production associations, enterprises and organizations do not include losses from the liquidation of not fully amortized: dwellings and other fixed capital not fully amortized with an eye to total replacement; fixed capital liquidated in connection with new construction or with the expansion, reconstruction and technical retooling of existing enterprises and facilities. Losses are not determined for incompletely amortized fixed capital that is retired as a result of natural calamities or that is realized as surplus and unusable under the established procedure. The residual value of such fixed capital is written off from the balance sheet in proportion to the reduction in charter capital. It should also be borne in mind that heads of enterprises and organizations between 1977 and 1980 are entitled to classify losses from the write-off of scrapped, not fully amortized machinery and equipment numbered as part of the fixed capital not under the heading of the results of economic activity but rather as a reduction in charter capital.

The fourth section also articulates the procedure for regulating from disparities revealed by inventories and other checks between quantities on hand and accounting data.

A uniform procedure is established for writing off shortages in excess of the norm, losses due to spoilage and for transferring to the budget the sum of accounts receivable for which the period of limitation has expired.

There have been slight modifications in the procedure for writing off expenditures on halted construction and expenditures on project-planning and surveying operations in uncompleted construction. In the past, write-offs from the balance sheets of enterprises and organizations for halted construction projects were made under the procedure established by the USSR State Committee for Construction Affairs. Write-offs for expenditures on halted geological prospecting operations were also permitted with the authorization of ministries and departments of the USSR or councils of ministers of union republics. However, no provision was made for writing off expenditures on research and development work. According to the new Statute, expenditures on halted construction and expenditures on project-planning and surveying operations in uncompleted construction are written off from the balance of

production associations, enterprises and organizations of union subordination in the sum of up to 100,000 rubles for each construction project with the authorization of ministries and departments of the USSR. Expenditures in excess of 100,000 rubles for each construction project are written off with the authorization of the USSR Council of Ministers. Expenditures on geological prospecting and research and development work are written off from the balance sheet of production associations, enterprises and organizations of union subordination (irrespective of their sum) with the authorization of USSR ministries and departments.

The write-off of the given expenditures from the balance sheets of associations, enterprises and organizations of republic and local subordination is carried out with the authorization of councils of ministers of union republics or under a procedure established by them.

The indicated expenditures can be written off by associations, enterprises and organizations with the authorization of administrations of all-union and republic industrial associations in amounts established by higher authority.

As in the past, losses from natural calamity, with the exception of losses of fixed capital, are classified together with losses of the report year. However, the new Statute specifies that these losses are written off with the authorization of higher authority (on the basis of appropriate documents). The aim of this provision is to step up supervision over the proper write-off of losses.

The Procedure for Submitting and Ratifying Accounting Reports and Balance Sheets

The fifth section lists addresses and schedules for submitting accounting reports and balance sheets and procedures and deadlines for their examination and ratification. It indicates the submission addresses for accounting reports and balance sheets to production associations, enterprises, their higher-echelon organizations, and ministries and departments. In the given instance, the address refers to the list of organizations to which accounting reports must be submitted. In accordance with existing normative documents, organizations may not require and heads of enterprises and organizations may not compile and submit reports to unlisted addresses or to use forms not ratified by the USSR Ministry of Finance and the USSR Central Statistical Administration.

Production associations, enterprises and organizations (industrial, construction, trade, transport, procurement, etc.) submit monthly, quarterly and annual accounting reports and balance sheets: to the organs in whose charge they are, to local financial agencies, to state statistical agencies, to institutions belonging to the USSR State Bank and the USSR Bank for Financing Capital Investments (which hold the current accounts of associations, enterprises and organizations). The procedure for submitting accounting data to statistical and financial agencies is established by the USSR Ministry of Finance and the USSR Central Statistical Administration.

With the consent of financial and statistical organs, ministries and departments and also administrations (departments) of oblast and kray executive committees are authorized to exempt subordinate enterprises and organizations from the obligation to submit monthly balance sheets to the indicated addresses unless they receive credit and financing from the State Bank and the All-Union Bank for Financing Capital Investments. Combines, trusts and other associations that are subordinate to entities (industrial associations, main administrations, etc.) that are intermediate vis-a-vis ministries and departments submit summary monthly, quarterly and annual accounting reports to the same addresses that are indicated for enterprises and organizations. Industrial associations, main administrations and other organizations directly subordinate to ministries and departments of the USSR and union republics submit the indicated accounting data to the appropriate ministries and departments, to the USSR Ministry of Finance or ministries of finance of the union republics, to the USSR Central Statistical Administration or its local organs, to institutions of the USSR State Bank and the All-Union Bank for Financing Capital Investments.

In some cases, ministries and departments of the USSR and union republics are authorized to exempt all-union and republic industrial associations, main administrations and other organs of economic management from the obligation to submit summary monthly balance sheets.

Ministries and departments of the USSR and of the union republics compile summary quarterly and annual reports and balance sheets and submit them variously to the USSR Council of Ministers and councils of ministers of union republics (annual reports and balance sheets only), to the State Planning Committee, to the Ministry of Finance, to the Central Statistical Administration of the USSR or union republics, or to institutions of the State Bank and the All-Union Bank for Financing Capital Investments (on capital investments and construction contracting activity). In addition, ministries and departments of union republics submit report data to the appropriate union-republic ministries and departments of the USSR.

Councils of ministers of union republics establish procedures and deadlines for submitting, reviewing and ratifying accounting reports and balance sheets for enterprises and economic organizations of local subordination bearing in mind the fact that reports and balance sheets must be submitted to higher-echelon organizations, to planning and financial organs, to organs of the USSR Central Statistical Administration, to institutions of the State Bank and the All-Union Bank for Financing Capital Investments that are providing these enterprises and organizations with credit and financing. In addition, ministries of autonomous republics, administrations (departments) of executive committees of kray, oblast and city (in the case of cities of republic subordination) Soviets of People's Deputies submit summary quarterly and annual reports and balance sheets of the appropriate ministries (departments) to which they belong.

The prompt compilation and submission of accurate accounting data to the indicated addresses are among the most important demands made upon the accounting apparatus of enterprises and organizations. Failure to meet the deadline for submitting report data makes it difficult to analyze the performance of enterprises and organizations with the aim of providing proper planning, financing and credit.

The date of submission of accounting data and balance sheets for enterprises and organizations in the same city is considered to be the physical time of submission. In the case of enterprises and organizations in different cities, the date of submission is the postmark on an insured letter.

Pending the effective period of the new Statute, the submission dates for enterprises and organizations are the fifteenth of the month following the report period (for monthly and quarterly reports) and the twentieth (for annual reports). These dates also apply to production associations. Ministries and departments must submit quarterly and annual accounting reports and balance sheets within 40 days and by the first of April, respectively.

In accordance with the new Statute (starting with the annual report for 1979), submission dates are established as follows:

-- for enterprises and organizations: no later than the twelfth of the month following the report period and the twentieth day of the year following the report period; for production associations: on the fifteenth of the month following the report period and the twenty-fifth day of the year following the report period. Ministries and departments are authorized to grant five-day extensions to associations, enterprises and organizations with a complex structure, a large number of production units situated in various economic regions of the nation;

-- for ministries and departments of the USSR and union republics (summary reports): quarterly reports - no later than 35 days after the report period; annual reports - no later than the twenty-fifth day of March of the year following the report period.

Within the indicated time limits, the USSR Ministry of Finance and ministries of finance of union republics together with the Central Statistical Administration of the USSR and of the union republics set differentiated deadlines for the submission of summary quarterly and annual accounting reports and balance sheets by ministries and departments of the USSR and union republics. The USSR Ministry of Finance and the USSR Central Statistical Administration are authorized to grant submission date extensions up to 10 days (in the case of summary quarterly and annual accounting reports and balance sheets) to individual ministries and departments of the USSR that have a complex organizational structure and that are responsible for associations, enterprises and organizations located in remote regions. Ministries of finance and central statistical administrations of union republics are entitled to grant five-day extensions to individual ministries and departments of union republics.

Within the indicated limits, ministries and departments establish differentiated dates on which subordinate economic management agencies must submit summary accounting reports. Submission dates for production associations, enterprises and organizations are differentiated by their higher-echelon organs. As applies to the noted procedure and with due regard to individual specifics, councils of ministers of union republics establish procedures and deadlines for the submission, examination and ratification of accounting reports and balance sheets of enterprises and organizations of local subordination. The new Statute stipulates for the first time that summary quarterly and annual accounting reports and balance sheets on enterprises of local subordination must be submitted to the appropriate addresses by the ministries and departments within 40 days following the expiration of the report period and by the first day of April of the year following the report period.

The examination and ratification of accounting reports and balance sheets of subordinate enterprises and organizations by higher organs constitute the concluding stage in which the results of the activity of enterprises and the correspondence of individual accounting indicators to the existing rules are confirmed. The basic purpose of examination is to elaborate measures designed to increase the effectiveness of production and to improve the activity of enterprises and organizations with especially unsatisfactory indicators. Higher-echelon organs appoint special commissions to examine annual accounting reports and balance sheets; the commissions are staffed by heads of production and economic services. The same organs indicate the dates on which this work is scheduled to begin and end the place of examination (ministry, industrial association, main administration, etc., or at enterprises proper). In the process of this work planning, financial and accounting services verify the accuracy of ex ante and ex post accounting indicators and production and planning services draft appropriate proposals for fulfilling the decision on the results of the examination.

The new Statute does not substantially alter the previously established procedure for examining and ratifying annual accounting reports and balance sheets.

The examination and ratification of annual accounting reports and balance sheets of enterprises and organizations by industrial and other associations, by main administrations, etc., are carried out before they submit summary accounting reports and balances to higher-echelon organs but no later than 15 days from their receipt. Enterprises and organizations must communicate the results of the examination of reports (decisions) within the same period. Ministries and departments of the USSR and union republics examine and ratify summary accounting reports and balance sheets of industrial and other associations, main administrations and other economic management agencies and of enterprises directly subordinate to ministries (departments) no later than the deadlines established for the submission of summary accounting reports and balance sheets by these ministries and departments. Within the same deadlines, decisions regarding the results of examination are communicated to the indicated enterprises and organizations and copies are sent to

to the USSR Ministry of Finance or ministries of finance of union republics, to the State Bank and the All-Union Bank for Financing Capital Investments or their offices. Summary annual accounting reports and balance sheets of ministries and departments of union republics are examined by councils of ministers of union republics. Ministries (departments), their main administrations, associations, and other economic management agencies are obligated to notify the appropriate financial organs, organs of the USSR Central Statistical Administration, institutions of the State Bank and the All-Union Bank for Financing Capital Investments of the date of examination of the annual accounting reports and balance sheets of subordinate enterprises and organizations within three days of the examination of the reports and balance sheets.

Within 15 days of receipt financial organs, state statistical organs, and bank institutions communicate their remarks on examined reports and balance sheets both to enterprises and organizations and to higher-echelon organizations that have ratified these reports and balance sheets.

Proposals of the indicated organs on the results of the examination of reports and balances are considered adopted if organizations ratifying the reports and balances within 10 days of receipt of the proposals do not inform the appropriate organs of their disagreement with these proposals. In the event of disagreement financial organs, state statistical organs and bank institutions may within 10 days of the receipt of the objections of given organizations submit these disagreements for the consideration of the USSR Council of Ministers, councils of ministers of union republics, councils of ministers of autonomous republics, or a corresponding executive committee of the Soviet of People's Deputies.

A new feature of the Statute is the procedure for correcting the data in accounting reports and balance sheets based on changes in systemic accounting entries. Errors committed in the current year and detected in the same year are corrected by deleting the incorrect entries and substituting correct entries in the report of the month in which the errors were detected. Errors committed in the previous year but detected in the current year prior to the ratification of accounting reports and balance sheets by a higher-echelon organization are made in the report and balance sheet for the past year by correcting accounting data for December of the previous year.

Corrections of errors in accounting reports and balance sheets committed in the previous year but detected in the current year following the ratification of accounting reports and balance sheets are made in the reports of the month of the current year in which the errors were detected. If for example, a check conducted in March of the current year reveals that expenditures on regular leave for workers were erroneously charged against the prime cost of production instead of being charged against the material incentive fund in the previous year. The error is corrected in accounting data for March of the current year by writing off the indicated expenditures on the reduction of the material incentive fund and increasing "Profit of Past Years Detected in the Report Year" in Account 99: "Profit and Loss."

The indicated procedure for correcting errors in accounting reports and balance sheets differs from the procedure established by the USSR Central Statistical Administration for correcting errors in statistical data without making changes in systemic accounting entries. For example, when exaggerations or other distortions are detected in report data on the fulfillment of the output plan, corrections are made in statistical data on output for the report period in which the exaggerations or other distortions were made.

In connection with the introduction of the new Statute on Accounting Procedures and Balance Sheets on 1 January 1980, ministries and departments are carrying out a number of organizational measures to ensure its in-depth study by officials of subordinate enterprises and organizations and to ensure the high-quality submission, examination and ratification of accounting reports within the established time limits.

At the same time, it is expedient to focus special attention on the drafting and generalization of proposals aimed at the further reduction and simplification of the report data of enterprises, associations, ministries and departments in accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Increasing the Impact of the Economic Mechanism on Increasing the Effectiveness of Production and Improving the Quality of the Work."

COPYRIGHT: "Finansy SSSR", 1979

5013

CSO: 1820

INDUSTRIAL DEVELOPMENT AND PERFORMANCE

CHANGES IN OPERATION OF PATENT SYSTEM URGED

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 12 Dec 79 p 2

[Article by O. Myazdrikov, Doctor of Technical Sciences, professor, Leningrad: "Paths to the Patent"]

[Text] Recently a topic that has evoked more and more disputes is the fate of scientific-technical developments that have been executed on the level of investments.

We might recall that the basic normative documents from the legal, technical, and financial points of view are the Statutes Governing Discoveries, Inventions, and Efficiency-Improvement Suggestions; and the Instruction Manual for State Boards on Scientific-Technical Inventions. However, these documents, with all due respect for them, unfortunately do not preclude the "warpings" that sometimes arise in the process of their application.

Among these "warpings," special attention is attached to the consideration of the application materials; the granting of a patent abroad; and the originator's rights to remuneration.

Experience shows us that the consideration of applications, from the date of registration of the material until the making of the final decision, can take as long as two years, or even more. This fails to conform either to the existing Statute or to the conventional priority. One substantial circumstance: the broader the scope of the proposal and the more promising it is, the more time is required to consider it.

I would like to cite two examples.

In March 1973 an application was filed for what was, in essence, a technical trifle: "A device for the measured release of highly dispersed powdery material." The decision concerning the issuance of the originator's certificate [Soviet patent] was made in the same year, and two years later the invention was already listed in the State Register. At practically the same time, applications were filed for two designs of pieces of apparatus with the name "Reactor of a Heterogeneous Catalyst." They contained a fundamentally new method of intensifying many technological processes. The field

of application of such pieces of apparatus is: powder metallurgy, heterogenous catalysis, the production of compositional materials. That is, the youngest, most up-to-date production entities. So what happened? It was not until 1977 that the decision was made concerning the issuance of the originator's certificate.

One could cite many similar examples. They are well known to readers from statements that have appeared in the press. But the entire crux of the matter is that, when discussing the applications, the boards of experts put a considerable amount of emphasis on the problem of utility. That is the chief question. But frequently it is not so simple to answer that question when we are dealing with truly trail-blazing suggestions. The competency of the staff experts may prove to be insufficient, so that forces are called in from the outside. And in such instances, we might as well admit, there do arise subjective decisions.

All this leads to a situation in which persons who have come up with serious developments frequently avoid filing the application materials. They see neither psychological nor material desirability in this. An article is a more time-responsive method of defending one's priority, and it also is of psychological importance.

The hypertrophied attention to utility also has a detrimental effect upon the quality of the expert findings, and sometimes leads simply to paradoxical situations.

Or take the following example.

Several years ago we created a design for a new device. It was given originator's certificate No. 180850. The report concerning this was published in 1966, in bulletin No. 8, and then the innovation was described in detail in magazine articles and two monographs. Despite this extensive amount of information, new applications were filed for this design and originator's certificates were issued on their basis. A protest against one of them, which was forwarded through official channels as long ago as July 1978, still has not been answered.

Such examples force one to conclude that the existing procedure of providing expert findings concerning the degree of innovation and utility ought to be changed. The decision of the question of innovation requires special efforts if, of course, one is not guided by the principle that everything that is new is something old that has been well forgotten. But utility and industrial feasibility are objects of endless disputes, correspondence, and sometimes even red-tape procedures, if we do not want to call them something worse. It should be kept in mind that, with time, everything is industrially feasible. The question of utility also is one which, in a number of instances, is resolved by time. Thus, the lack of utility at the particular moment does not say anything, and what is more, it does not cause any social harm. But the priority that is lost in the discussions about industrial feasibility and utility is an irretrievable

loss, both from the point of view of prestige and the point of view of economics.

One would think that the expert findings should deal with the innovation and the practical feasibility. Not the industrial feasibility, but the practical feasibility. And it is precisely to this scheme that its principle should conform. This change, incidentally, would help to assure that the consideration of the application materials could be done within the six-month period that is required by Paragraph 48 of the Statute.

There is also need for a certain amount of adjustment in the procedure for the granting of patents for inventions abroad. At the present time this procedure stipulates the execution of the following conditions: the recognition of the proposal as an invention in our country (decision concerning the issuance of an originator's certificate, as a minimum) and the industrial assimilation of the innovation. But it is generally known that it takes five to seven years for the transition from an idea to the first models. People say that this is an average figure -- the statistical figure, so to speak. But practical life tells us that the greater the importance of a particular proposal, the longer that period is.

Then the patent record card [*patentnyy passport*] is drawn up, and then it begins its travel through the various administrative stages: the patenting organization; the ministry to which that organization belongs; the Ministry of Foreign Trade; the USSR State Committee for Science and Technology; and the Section for Issuance of Patents and the Providing of Expert Findings on Patents, of the USSR State Committee for Inventions and Discoveries. And it is only at the end of this chain that there opens up an exit to the patent departments abroad. During the time that the patent is traveling through these stages, it is possible that nothing may remain of the patent purity, not to mention the conventional [*sic*] priority. Therefore it is desirable to change over to a different procedure. And the agency which, obviously, should be the initiator of this change is the USSR State Committee for Inventions and Discoveries.

The essence of the new procedure, it seems to us, lies in the fact that the organizer where the person developing the innovation works, gets into direct contact with the firms for which the particular invention may be of interest. The reaction to this demonstration will possibly be recorded by the official record of the purely scientific-technical content. It will not be binding to either party. But this kind of meeting predetermines with a great share of probability the sale of licences and thus intensifies the economic desirability of patenting an invention to a specific country.

The results of such meetings should serve as an initial evaluation of the terms when resolving the question of patenting. But the patenting itself should proceed in the following stages: the organization where the developer works; Patenting Section of the State Committee for Inventions and Discoveries; Ministry of Foreign Trade.

It should be noted that the requirement of industrial assimilation also is completely nonmandatory. A convincing example is provided by developments of instruments. Here it is sufficient to have an operating mockup and its technical characteristics. It makes no difference that in the other country there are different components, different standards, different technology.

Today's procedure for payment and today's amount of remuneration also give rise to doubt. One originator has to "sweat it out" considerably before he receives the amount of money that is legally coming to him. Sometimes this takes more time and effort than developing the invention itself.

Obviously, it is necessary to make certain changes in determining the size of the remuneration.

At the present time this remuneration is limited to the maximum amount of 20,000 rubles and is paid for a period of up to five years, provided there is an economic benefit.

It must be said that the maximum amount of the remuneration does not have any economic or sociological justification. When is the limit specifically 20,000, rather than 10,000 or 30,000? Obviously, the State Committee for Inventions and Discoveries ought to ask specialists to carry out the necessary research.

Nor can one remain silent about the existing procedure for paying remuneration for licenses that have been sold. The maximum amount is up to 3 percent. What does this "up to" provide? Obviously, one should establish a firm percentage, because in order to create a technical resolution at the world level, it is sometimes necessary to devote an entire creative life.

And, in conclusion, a few words about who should pay that remuneration. New technology usually provides a definite economic benefit. Consequently, the only thing left is to transmit those materials to the coordinating organization. They then become the initial data for the centralized payment of the remuneration. An economic worker will not be able to say that he has introduced an invention with an annual economic benefit of one ruble, or something of that nature. The chain of feedback which forms to protect the state interests will block the departmental disputes that sometimes infringe upon the rights of the originators and the benefits to be accrued in the national economy.

There is no doubt that individual statements made in this article may prove to be moot ones. All right, then, let's discuss them. But there is no doubt that the paths taken by the innovations should be made easier.

5075
CSO: 1820

INDUSTRIAL DEVELOPMENT AND PERFORMANCE

COMPREHENSIVE PROGRAMS FOR QUALITY CONTROL IN THE MAKING

Moscow EKONOMICHESTKAYA GAZETA in Russian No 3, Jan 80 p 2

[Article: "A Decisive Turn Toward Quality"]

[Excerpt] In The Tenth Five-Year Plan in all branches of industry, in conformity with the decisions of the 25th CPSU Congress, there will be a course taken which is aimed at the systematic renovation of the output to be produced, at raising its technical level and quality, and at improving the operating and consumer properties of the articles. At the present time more than 75,000 articles intended for technical-production use and consumer goods have been awarded the state Sign of Quality. During the past year alone, approximately 3,500 new types of equipment, pieces of apparatus, instruments, and materials were assimilated into production.

Since the beginning of the five-year plan, much has been done to improve the quality of manufactured output. However, there is no justification for complacency, and there must be none. In his speech at the November 1979 Plenum of the CPSU Central Committee, Comrade L. I. Brezhnev subjected to criticism the insufficient technical level and quality of certain types of machinery and equipment.

The decisive turn toward quality in industry is linked with the fulfillment of measures for improving the economic mechanism which were defined by the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers. That decree contains a series of measures that intensify the orientation of the economic mechanism toward the improvement of the quality of output.

Provision has been made for the responsibility borne by the producer enterprises for the more complete satisfying of the needs of the national economy and the public for articles with the specified consumer properties. The plans for the introduction of new technology are tied even more closely with the improvement of the quality of the output. There has been an intensification of the process of combining the planned indices with the economic levers for purposes of expanding the output of articles of high quality.

The Organizing Role of Standards

There has been an increase in the role of standardization and state standards as the technical-norms base for the most efficient use of the existing resources and the practical introduction of the latest achievements of science and technology.

A factor which is of fundamental importance is the re-examination within the next two years, as has been planned by the measures aimed at improving the economic mechanism, of the obsolete standards for machinery and equipment. That process must be speeded up. It will be necessary to rigidize more than 800 GOST [State All-Union Standards], and more than a thousand branch standards and specifications that are linked with them, in which there is still a complete lack of requirements, or there are insufficiently high requirements, for the reduction of the machinery weight and the expenditure of fuel and energy during operation.

Although the specific list of such branch standards and specifications is known, the schedules for re-examining them have not yet been submitted to USSR Gosstandart [State Committee for Standards] by certain machine-building ministries. They include Minkhimmash, Ministroydormash, Minsel'khoz mash, and Minstankoprom. Meanwhile, time is passing. It is time for Gosstandart to engage more actively and more energetically in the job at hand, because the standards and specifications that are to be improved must be included in the annual plans of the branches and Gosstandart.

The ministries and departments have also been ordered to complete in 1981 the development of comprehensive programs for standardization for the most important types of consumer goods. It must be said that the method of target-program planning which was approved by the 25th CPSU Congress has found broad application in the standardization projects. To date, 142 programs for comprehensive planning have been adopted, including 75 for articles of machine-building and 45 for consumer goods.

However, in order to activate these programs, it is necessary to develop and to approve more than 3,600 state standards and approximately 4000 branch standards and specifications. Only some of them have been prepared.

The formation of programs for comprehensive standardization for the most important types of output has recently been somewhat accelerated in metallurgy, and chemical, timber, and woodpulp-and-paper industries. The workers in the machine-tool-building, cutting-tool-building, and textile industries and the apparatus builders have traveled approximately half the distance.

All the necessary documents in all branches should be prepared, considered, and approved more rapidly.

The country has more than 1,300 lead and base organizations in the area of standardization. Their basic duty is the preparation of the draft versions of progressive standards. Unfortunately, several of these organizations

have been executing their role poorly. Organizations that deserve criticism are VNII [All-Union Scientific-Research Institute] of Industrial Asbestos Articles, of USSR Minneftekhimprom; the All-Union Scientific-Research Diesel-Locomotive Institute, of Mintyazhmash; and NAMI [Scientific-Research Institute of Automobiles and Automobile Engines], of Minavtoprom.

Sometimes the originators of the standards are led around by the manufacturers of the output, or by the deliverers of raw materials and components. It is not by accident that, when approving and registering the draft versions of standards, Gosstandart returns for modification every tenth GOST and every fifth specification.

In the course of improving the economic mechanism, it is necessary to carry out an analysis and renovation of the entire pool of standards for output. The connection between standardization and the other links of the economic mechanism (economic incentives; material-technical supply; pricing; etc.) is obvious. The system of technical-economic indices for each type of output is supposed to describe as completely as possible the consumer properties and the national-economic benefit provided by the specific articles, and is supposed to serve as the basis for determining the norms for expenditure and use of material resources.

Certification of Output Is a Very Important Criterion

Recently the USSR Council of Ministers adopted a decree concerning the further intensification of the role of certification of industrial output and the raising of its technical level and quality. That decree is inseparably linked with the measures for improving the economic mechanism.

The USSR Council of Ministers also approved a new Standard Statute Governing the Technical Council Section (Administration) of the Industrial Enterprise (Association), which is published in this issue of EKONOMICHESKAYA GAZETA. Economic managers and the party organizations of the enterprises must increase the attention that they devote to the quality control service and must increase its authority in production.

The indices of output of products with a higher category of quality have become an organic part of the counter plans and the socialist pledges of the production associations and enterprises, the rayons, oblasts, and krays of the republics. At the present time the state Sign of Quality is awarded to the following types of output: more than half the turbines, trucks, alternating-current electric motors, and synthetic rubber; every third metal-cutting machine tool and electrical-measurement device; every fourth household refrigerator; and every fifth television receiver.

At the same time, analysis indicates that certain economic managers, in the attempt to obtain more and more evidence of the increased category of quality, frequently submit for certification output that is of secondary importance, output which, so to speak, is not of earth-shaking importance to the branch. Of course, it is easier to prepare these things for

certification, but they do not provide any noticeable contribution to the volume of production of high-quality output.

For the most diverse reasons, many of the items with the Sign of Quality are not actually being produced. These reasons include the lack of preparation in the production area; the shortage of the necessary raw and other materials, or components; or, which also happens, the lack of production orders from trade organizations. The situation which is the most unfavorable in this sense is that in light industry. During certain periods of time, the enterprises in USSR Minlegprom fail to produce as much as one-third of the articles that have been awarded the Sign of Quality.

Certification is still linked weakly with the plans for the creation of new technology. Every year approximately 300 newly assimilated, very important articles which should be awarded the Sign of Quality are included in the national-economic plan. Of them, only half are actually certified as being of higher category of quality.

Obviously, it is necessary to intensify state supervision over the certification practice, to assure more time-responsiveness and effectiveness of the monitoring of the production of output with the Sign of Quality in the associations and at the enterprises. Gosstandart returns to the ministries, because of failure to observe the certification conditions, six percent of the decisions made by them concerning the awarding of the Sign of Quality. During inspections involving the unsatisfactory quality of manufacture, the honorary pentagon was removed from 0.5 percent of the articles. The ministries and departments should show more demandingness in this regard.

In industry there exists a procedure for output certification in three categories of quality -- highest, first, and second. The latter includes obsolete articles that do not satisfy the consumers. According to official records, their share is equal to 0.3 percent in the overall volume of production. And yet an additional 3-5 percent of output which is supposed to be certified is not submitted for certification. Certain enterprises "hide" the obsolete types of articles which obviously do not conform to modern requirements.

The 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers established a rebate from the wholesale price not only for output in the second category of quality, but also for output which is not certified within the established time period. This is an effective economic lever.

However, in many branch ministries there is not yet any uniform certification plan with specific listings of types of articles. Without such a document, it is impossible to monitor the periods of time taken to carry out the certification. Gosstandart has been ordered to strive more persistently to see that the ministries and departments eliminate this gap.

Raising the technical level and quality of the articles produced is aided by the creation of a network of lead organizations for the state testing of the most important types of output intended for technical-production use and for cultural-everyday use. There currently exist, on an experimental basis, five interbranch testing centers that were created jointly by the ministries and Gosstandart: for gas apparatus; gas-jet devices; electrical household machinery and appliances; household electrical-heating devices; and household sound-recording and sound-reproducing apparatus. All these organizations are carrying out a large amount of beneficial work. For example, the Gas Apparatus Center in Leningrad tests output from 135 enterprises in 42 ministries. In the course of a single year it issued authorizations for series production of 161 articles, and issued negative findings on 29.

The present task consists in organizing a broad network of similar centers for state testing of the most important types of output. Showing any delay in doing this would be unforgivable.

Following the Example of the Advanced Enterprises

At the present time, following the experience of the advanced L'vov enterprises which was approved in 1975 by the CPSU Central Committee, comprehensive systems for quality control of output (KSUKP) are being elaborated and introduced at tens of thousands of collectives throughout the country. Approximately 5000 associations and enterprises are effectively using the KSUKP in the practical situation.

In recent years the people of L'vov themselves and the workers at other enterprises have contributed much that is new and beneficial to the quality-control methods. Experience that corresponds most to the goals of the further improvement of the economic mechanism is the experience of the advanced enterprises in Krasnodarskiy Kray for the conversion to a Comprehensive System for Increasing the Effectiveness of Production (KSPEP). This system encompasses the key questions of the economic and social life of the production collective, including the control of fixed assets and the labor, material, and financial reserves, that is, it fits successfully into the total series of measures for the improvement of the economic mechanism.

5075

CSO: 1820

INDUSTRIAL DEVELOPMENT AND PERFORMANCE

CRITERIA, INDICATORS OF EFFECTIVENESS ANALYZED

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 80 p 11

[Article by Ye. Kapustin, Director of the Institute of Economics, USSR Academy of Sciences, Corresponding Member of the USSR Academy of Sciences; and V. Rybin, Section Chief, professor: "Criteria and Indicators of Effectiveness"]

[Text] The Institute of Economics, USSR Academy of Sciences, and the Scientific Council of the USSR Academy of Sciences on the problem "Economic regularities underlying the development of socialism and its growth into communism" in late 1979 held an All-Union Scientific Conference entitled "Theoretical and methodological problems of the economic effectiveness of socialist social reproduction (criteria, system of indicators, and mechanism)." In the development of the theoretical and methodological problems of effectiveness, the Institute of Economics, USSR Academy of Sciences, is the leading scientific-research organization and in the research projects of its scientists it has completely represented the concept of effectiveness at the stage of mature socialism. The conference, for the most part, approved the developed concept and the prepared draft version of the recommendations. Therefore there are justifications for asserting the further enrichment of the theory of effectiveness.

The Essence and Importance of Category

The role of effectiveness under present-day conditions is determined by its place in the system of economic categories, by its interrelationships with the economic laws of socialism. This is one of the leading categories of political economics. Effectiveness is formed under the action of the system of the economic laws of socialism, and primarily its basic economic law.

The basis of effectiveness is determined by the law of the economizing of time. In the overall view, effectiveness can be defined as the production relation with regard to the total economizing of live and embodied labor with the attainment of the most complete satisfaction of needs. Effectiveness presupposes a dynamically occurring process of improvement in the use of production resources and the obtaining, as a result, of the greatest

economic and social effect -- the more complete satisfaction of the material and spiritual needs of society, the creation of the best conditions for the complete and free development of its members.

In the overall political-economic view, effectiveness characterizes the measure of the planned, conscious use of the system of the economic laws of socialism for the sake of resolving the basic social and economic tasks that have been posed by the Communist Party. Hence effectiveness is a fundamental feature of socialist economics, the chief source of the accumulation of resources for the transformation of socialism into communism.

"The future of our economy," L. I. Brezhnev notes, "lies in the increasing of effectiveness. There is no other path for assuring the successful dynamic development of the national economy." The increasing of the effectiveness of production is in the center of attention of all the communist and workers' parties in the countries of the socialist community and is of primary importance for the development of their economic cooperation and integration.

The economizing of labor or the economizing of time is one of the decisive factors that determine the proportions in reproduction. In order to characterize the place of effectiveness in the system of the economic categories of socialism it is necessary to take into consideration the famous remark made by K. Marx to the effect that "economizing of time, like the planned distribution of working time in various branches of production, remains the economic law on the basis of collective production. It becomes a law of an even much higher degree."

Effectiveness under socialism is one of those production relations by means of which the natural process of optimization occurs. That is why the relation of effectiveness presents itself not simply as a relation with regard to the formation of the formation of proportions of reproduction with a consideration of the factor of the economizing of the total labor, but also as a specific relation with regard to the optimizing of the rate of the reproduction process.

Optimizing with regard to effectiveness makes it possible to take into consideration the entire measure of the economizing of live and embodied labor which is linked with the completeness of the use of the production assets during the current period, and also to keep in mind the additional economizing or expenditures of labor in past periods, which were influenced by a change in the return on investment.

The effectiveness of social reproduction is an indicator of the final rate of results, the final result for the national economy. In this regard it is distinguished from labor productivity and return on investment, which are categories of the phase of immediate production. The category of effectiveness of reproduction as a whole personifies the effectiveness of the expenditures relative not to the produced social product, but rather, to the used, the actually consumed social product, and, correspondingly, to

the national income. The difference between the produced product and the used product (national income) must constitute not only the amount of the physical losses, but must also include the increase in above-norm reserves of unsold output, above-norm volumes of uncompleted construction, and uninstalled equipment.

The theory of effectiveness under socialism, under present-day conditions, encompasses all phases of the reproduction of material blessings, as well as the nonproduction sphere, foreign economic relations, the use and protection of the environment. It includes also the problems of the mechanism of controlling the increase in the effectiveness, of the factors that govern its growth, and the tendencies in development.

Forms of Manifestation and Criteria

effectiveness has various forms of manifestation. One can distinguish economic, social, national-economic, and cost-accounting effectiveness; generalizing effectiveness -- of social reproduction as a whole; local effectiveness -- of individual regions and economic sectors; and specific effectiveness -- of individual factors of production; as well as the effectiveness of individual phases of reproduction -- production, distribution, exchange, and consumption.

Economic effectiveness can be represented as the effectiveness of the real reproductive process at each moment of its course, when the entire totality of concrete social tasks is being realized -- both those concrete social goals that are directly linked with the implementation of the requirements of the basic economic law of socialism, and those that do not evolve directly from those requirements. The criterion of this effectiveness -- the greatest economizing of expenditures of labor as a result of the application of the given production resources -- can be used effectively to characterize the actual state of production.

The criterion of social effectiveness -- the greatest economizing of social labor during the creation of consumer assets that are linked with the raising of the standard of living and with the complete and free development of the individuals -- indicates the rate of rapidity with which the accumulation of the material prerequisites for the construction of the highest phase of communist society is carried out.

The criteria reflect the essence of effectiveness. The overall criterion of effectiveness under socialism is the economizing of past and live labor, which economizing is directed at satisfying the social needs and assuring the harmonious development of the members of socialist society.

The criterion of the national-economic effectiveness represents a modification of the overall criterion, if one considers it from positions of the nationwide interest. The criterion of the cost-accounting effectiveness manifests itself when considering effectiveness from the point of view of the interests of the individual economic sectors.

System of Indicators

The existence of various forms of effectiveness gives justification for concluding that in the planned administration of the national economy it is necessary to employ a system of indicators of effectiveness. This system provides the opportunity to coordinate, first of all, the various aspects of effectiveness with its overall criterion; secondly, to coordinate the national-economic criteria of effectiveness with the cost-accounting criteria; and, thirdly, to coordinate the current measures of increasing effectiveness with the long-term goals.

The system of indicators and economic norms of effectiveness must permeate all types of plans. In the basic trends of economic and social development, for example, it is necessary to provide for the accounting of the methods for the most effective implementation of the Comprehensive Program for Scientific-Technical Progress during the Next Ten Years; the sequence of carrying out measures to use the reserves for increasing the effectiveness of production by the individual five-year periods at various levels of control; and the substantiation, from the positions of effectiveness, of the methods of forming the territorial-production complexes and resolving large-scale regional problems. A factor of great importance is the comparison of the effectiveness of various versions of the balanced development of the economy; the choice, on that basis, of priorities in the channeling of capital investments by branches and regions. Obviously it will be necessary to develop uniform methodological principles for the planning of the effectiveness of the ten-year development of the national economy and its various spheres, branches, and regions of the country.

In the course of the development of the control figures and the draft versions of the state five-year plan for the economic and social development, with a distribution of assignments by years, it is desirable to evaluate according to uniform indicators and norms of effectiveness the degree of tension in the planned assignments being developed at all levels.

The contribution of enterprises, associations, regions, and branches to increasing the national-economic effectiveness is the decisive factor when evaluating the effectiveness of their activities. The use -- stipulated by the decrees dealing with the improvement of the economic mechanism -- of the indicator of the normative net output contributes, to a substantial degree, to the resolution of that task.

In the system of indicators of effectiveness, a special place belongs to the generalizing indicators, which are practically suitable for purposes of analysis and planning. In this area it will be necessary to carry out further research. Such indicators should deal with values that reflect the results of production, its costs, and the available production assets. These indicators will make it possible to orient oneself on a reduction of the current expenditures, the better use of the production assets, and the optimal amounts of production accumulation, and upon the efficient final structure of the physical volume of the national income, keeping in mind

the more complete satisfying of the social needs, and also to orient oneself on the accounting for the time factor.

Finally, in the system of planned indicators of effectiveness it is desirable to isolate the special "social" indicators, which characterize the forward movement in the resolution of the social problems of effectiveness, including the elimination of heavy manual labor, the increase in the paid and unpaid services in per-capita terms, the increase in the expenses for the protection of labor and the guaranteeing of safety measures in terms of the individual worker.

It would be desirable for the system of cost-accounting, analytical indices of effectiveness which are used in planned to be supplemented by a number of other indicators. Thus, one could determine the relationship of the surplus product (by branch or enterprise -- of profit) to the fund for the payment of labor and to the current total expenditures: the relationship of the national income in comparable prices (by branch or enterprise -- of net output) to the fund for payment of labor. It is also necessary to have such indicators as the economizing of the labor performed by annual workers in the production sphere (as compared with the conditions for the base year), and the mechanizing of the labor performed by auxiliary workers.

In order to substantiate the directive assignments dealing with the effectiveness of production, there is the opportunity to use such specific indicators as: the influence exerted upon it by the structure of the national economy, the capital investments, and scientific-technical progress; the composite indicator of the benefit derived from the application of the new technology; the benefit with respect to the turnover of all advanced funds of the branches and enterprises; the effectiveness of expenditures for the reproduction of used natural resources and the protection of the environment.

For the purposeful use of the reserves for increasing the effectiveness, it would appear to be necessary to develop in the long-term view special target programs which are balanced with the development of the national economy as a whole. We have in mind, for example, programs that are aimed at eliminating and preventing losses in the process of production by means of improving the use of the fixed assets, the material resources, and working time, and aimed at reducing the losses of finished output by developing all the branches of the infrastructure. One program that can be isolated as a special one is the program for the unification of parts, assemblies, and technological processes, as the basis for standardizing them.

Finally, the entire system of long-range and current plans must contain, in our opinion, a special target program for the attainment of the social results and consequences of scientific-technical progress and the growth of the effectiveness of the economy. The resolution of this problem would be promoted by the development of the basic methodological principles with

regard to the determination of the effectiveness of social production, as coordinated with the methodologies for determining the effectiveness of scientific-technical progress and capital investments. That will provide the opportunity to put into motion major national-economic reserves for the growth of effectiveness. The essence of the interrelationship between the problems of the economic mechanism and effectiveness consists in that it must guarantee the acceleration of the turnover of the resources of reproduction on an intensive basis with the purpose of achieving the economic optimum. As a result there will be a considerable intensification of the influence exerted by the economic mechanism upon the achievement, within the long-term view, of accelerated growth rates in the social and economic effectiveness of social reproduction.

5075

CSO: 1820

REGIONAL DEVELOPMENT

SYMPOSIUM ON LEGAL ASPECTS OF REGIONAL DEVELOPMENT

Moscow KHOZYAYSTVO I PRAVO in Russian No 12, Dec 79 pp 83-85

[Article on scientific symposium held in Moscow: "Legal Regulation of Complex Regional Development"]

[Text] A scientific conference on the subject "Organizational-Legal Problems of State Management of Complex Economic and Social Regional Development" was held in late October at the State and Law Institute of the USSR Academy of Sciences.

In opening the conference, the director of the institute and Corresponding Member of the USSR Academy of Sciences V. Kudryavtsev commented upon the special importance being attached to the problem under review and he enumerated the principal operational trends being advanced by life itself. This concerns mainly the development of those questions associated with forecasting and regional planning, cooperation, the use of local resources, protection of nature and social regional development.

Doctor of Legal Sciences A. Luk'yanov dedicated his report to those questions concerned with improving legislation for the local soviets and raising the role they play in ensuring complex regional development. He emphasized the direct dependence of efficient work by the soviets upon the integrity and completeness of the entire system of normative documents, established for the purpose of regulating their competence and work. However, this alone is not sufficient. This competence must be reflected and strengthened in other documents which, although they do not apply directly to the work of the soviets -- statutes concerning ministries, industrial and production associations, interenterprise organizations and so forth -- nevertheless must set forth the obligations of these organs, enterprises and organizations, which correspond to the established rules of the soviets. The realization of the program adopted by the party for raising production efficiency is impossible in the absence of branch specialization and concentration. And this in turn requires improved coordination and the use of a complex and systems approach for regional development. Unfortunately, this problem is not being mentioned at the

present time, particularly in that part in which it is associated with the role played by the local organs of power or in documents which reinforce the legal status of the branch organs. This problem can be solved on the basis of the rights extended to the soviets by the USSR Constitution (Article 147) and the constitutions of the union republics, upon the condition that they be made available to the lowest levels of control, that a mechanism be created for realizing them, that the necessary rules and instructions be developed and so forth. At the present time, the branch organs often interpret the formula of the legislator "in the manner prescribed by law" as implying a need to continue the existing method. In the opinion of the speaker, the principal task when improving legislation is that of developing an orderly system for all normative documents, including union, republic and branch, that is, ensuring complete legal control over relationships at all levels.

Certain economic and organizational questions associated with this problem were discussed by A. Luk'yanov.

In particular, this included increasing the participation of the soviets in branch planning (as called for in Resolution No. 695, dated 12 July 1979, of the CPSU Central Committee and the USSR Council of Ministers) and also in regional planning. The mentioned question is closely associated with strengthening the material and financial base of the soviets. It has become considerably stronger during the past 10 years. At the present time, however, the income of the local budgets and the development of the entire infrastructure are dependent mainly upon the work of enterprises which are subordinate to the local soviets. At the same time, the enterprises and associations of union and republic subordination which are located on their territory participate very little in the development of this infrastructure. A solution for this problem could be that of having the enterprises make a definite payment into the local budget for each newly created work place. This practice has proved its worth in a number of socialist countries.

The planning organization of the local soviets requires strengthening. At the present time, it is experiencing difficulty in carrying out the function of regional complex planning in keeping with the scales required. It makes some sense to think in terms of combining all of the planning services on the territory of the soviets into unified planning services for complex development.

A general requirement continues to be that of raising the competence and responsibilities of control officials and organs at all levels and intensifying the control being exercised by the representative organs.

The deputy chairman of the Krasnoyarskiy Kray Executive Committee A. Mukoyed and the chairman of Krayplan [Kray Planning Commission] G. Shibayev discussed the work of the local soviets throughout the kray with regard to ensuring complex regional development, while taking into account the formation of TPK's [territorial 'no-proizvodstvennyy kompleks; territorial-

production complex and industrial terminals. They supported A. Luk'yanov in the belief that a requirement existed for clear and complete legal control over the powers of the local soviets in connection with complex regional planning. Thus the absence of a normative document for the Krasnoyarsk TPK inhibits the activity of the soviet, complicates its interrelationships with the branch organs and restrains development of the non-productive sphere. The departments correct their plans in conformity with their requirements and this leads to disproportions during the construction and placing in operation of completed projects. In particular, twenty multi-story dwellings were not occupied this year in the Khakasskaya Autonomous Oblast owing to delays in the construction of the heating unit.

The executive committee is attempting to combat the limited views held by the leaders of unsubordinated enterprises, by using its right to forbid the allocation of land for new construction, expanding production, cinder heaps and so forth. However, this measure is not always either effective or adequate. It is possible that a special department should be created in USSR Gosplan for directing the construction of industrial terminals and TPK's. The speakers supported the head of a sector of NIEI [Scientific Research Institute of Economics], attached to Gosplan for the Ukrainian SSR, Ya. Kavalerchuk, who believes that a requirement exists for creating, attached to USSR Gosplan, a main administration for territorial planning and the disposition of productive forces, headed by the deputy chairman of Gosplan. In his opinion, this would promote the realization of certain points in Decree No. 695 of the CPSU Central Committee and the USSR Council of Ministers, relating to regional problems.

The deputy chairman of the Council of Ministers for the Latvian SSR and the chairman of Gosplan M. Raman discussed the experience accumulated in regional development throughout the republic, using the republic ASU [automatic control system] and complex special purpose programs.

Considerable interest was displayed in the report delivered by the director of TsENII [Central Scientific Research Institute of Economics], attached to Gosplan RSFSR, V. Mozhin. He discussed the principal trends with regard to improving regional planning under modern conditions, trends which are dictated by certain disproportions in national economic development, particularly between the new work places and the possibilities for providing them with an adequate work force, in resettlement -- at the present time, almost four fifths of the overall increase in the population is associated with large cities and also with the departmental (incomplete) use of resources, particularly mineral-raw material resources and the "economy" for the infrastructure.

In the opinion of the speaker, the local soviets must play a great role in eliminating the disproportions. At the present time, enterprises are located in their regions which are engaged in the production of goods of inter-regional use and also products consumed within a region, or which

ensures production or production conditions (infrastructure). Up until recently, the local organs of power were almost incapable of influencing enterprises of the first group. The 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers is opening up new opportunities in this regard. It is our opinion that the plans for regional development, composed with the participation of the soviets, can and must play a correctional role with regard to branches of the first group. Depending upon the departmental subordination of the enterprises, the decree calls for centralized approval of the indices for economic and social development for TPK's in Siberia and the Far East. Obviously, a timely question is that of assigning a single client, planner and builder for these complexes. Moreover, we are of the opinion that during their developmental stage all questions concerned with the TPK's must be handled by a single controlling organ and after the projects have been placed in operation -- by the branch ministries. In order to protect the complex nature of a TPK during this second stage, all questions concerned with the operation of individual elements of the infrastructure should be entrusted to the local soviets and the maintenance of technological contacts -- to a special organ, possible one attached to USSR Gosplan. Accordingly, the financing and planning of social and cultural activities in a subordinate region must be carried out only through soviets of peoples' deputies. The local organs, including planning organs, should participate actively in composing the balances for labor resources in their region and in establishing the limits on personnel strength for manual and office workers at non-subordinate enterprises.

In examining certain problems associated with developing the competence of local soviets in achieving complex regional development, Doctor of Legal Sciences I. Azovkin proposed that the resources for developing the infrastructures of cities and settlements (in those areas where there is no new industrial construction) be allocated not to the ministries and departments but rather to the councils of ministries of the union republics.

The director of the Scientific Research Institute of Automation and Electromechanics, F. Peregudov, discussed some interesting operational experience associated with the creation of "An ASU for a Farm in Tomskaya Oblast and, in particular, the sub-system "An ASU for Labor Organization."

The head of a sector at TsENII and Candidate of Economic Sciences B. Shtul'berg examined the trends in the coordination work of local soviets when planning complex economic and social regional development. In his opinion, this includes the issuing of permission for construction (allotting of land), the development of comments and proposals for the plans of enterprises of higher subordination, the organization of construction with share participation and the issuing of limits. The speaker devoted special attention to the second trend -- the development of comments and proposals with regard to shortcomings existing at enterprises.

institute. Actually, such development at the present time is being carried out at the oblast level based upon data obtained from enterprises, whereas Gosplan operates on the basis of ministry materials that have already been refined and corrected. As a result, Gosplan is for all practical purposes unable to take into account proposals concerning the oblasts. One solution is that of having the comments and proposals prepared and introduced in the ministries during that stage when the latter are commencing their work on the branch plans.

The head of a sector at NIFI [Scientific Research Institute of Finance] of the USSR Ministry of Finance drew the attention of those participating in the conference to the insufficient legal support being furnished for financial questions at the level of local organs of power. For example, at the present time they are authorized to concentrate and combine resources for social requirements, but legally there is no mechanism available for this -- the executive committees do not have accounts to which money could be transferred and no provision has been made for the enterprises to have such an item of expenditure. There are no norms for regulating the support provided by organizations in behalf of socio-cultural projects. Considerable improvements are required in connection with the working out of financial problems and also in composing the plans for social and economic regional development. Up until now, such plans have included measures which were not supported in terms of financial and material resources and projects are being placed in operation which were not called for in the five-year plan and, naturally, were not provided with funds for inventory, wages and so forth.

Doctor of Economic Sciences L. Zlomanov emphasized the need for a clear legislative demarcation of the functions of branch and regional control organs. All production processes which begin and end within a region must, in his opinion, be controlled by the regional organs.

The speech delivered by the head of a sector at IGPAN USSR [Institute of Government and Law of the Academy of Sciences, USSR], Doctor of Legal Sciences M. Kozyr', was dedicated to those questions concerned with the relationships between the regional and branch principles in controlling agriculture. He singled out the existing trend towards a more intensive development of the branch principle here, at the expense of the regional principles. This leads to multi-departmental control and management over agriculture and to a loss of control for the local organs. Sovkhoz trusts are being formed on a more extensive scale, with the trusts being made subordinate to republic or union organs. Meanwhile, agriculture, as no other branch, requires the complete taking into account of local and regional factors.

The speaker proposed the development of a complex program for improving the system of control organs and management for agriculture throughout the country, while at the same time clearly assigning technological management

and the control functions to the central state organs and the functions of operational control -- to the local organs. In addition, the general plans for agricultural control should ideally be approved at the republic and union levels, based upon the fact that the principal echelon here is an agricultural enterprise. And the association is the middle echelon. In the process, all of the control organs for agricultural production should be subordinated to the regional organs of authority.

The speech delivered by Candidate of Legal Sciences A. Pyatakov was dedicated to the roles played by the kray and oblast soviets in solving the problems of labor resources. He focused attention on the need for strengthening the mechanism of interaction in this regard by the ministries and executive committees. Differences between them must be referred to the competence of the organs of Goskomtrud [State Labor Committee] for solution.

The speeches delivered by Doctor of Legal Sciences O. Kolbasov, Doctor of Legal Sciences N. Krasnov and Candidate of Legal Sciences S. Bogolobov touched upon such subjects as the problems concerned with the development of regional organizations for environmental protection work and the use of natural resources. A group which included Corresponding Member of the Academy of Sciences of the Kazakh SSR M. Baymakhanov, a department head at IGPAN for the Ukrainian SSR, Candidate of Legal Sciences Yu. Shemshuchenko, Doctor of Legal Sciences V. Shabaylov (city of Minsk), senior scientific worker L. Lykov (city of Perm'), Assistant Professor R. Tarnapol'skiy (city of Kazan') and Candidate of Legal Sciences Ye. Kolyushin (city of Ivanovo) discussed the operational experience of soviets in various regions of the country and the councils of ministers of ASSR's in providing support for complex regional development. Questions concerned with the proper combining of all-union and local interests and their effective utilization were discussed by Doctor of Legal Sciences B. Lazarev. He also focused attention on the absence of legislative support for program-special purpose control and also indications in the legal norms as to the forms of participation by the local soviets in these programs. Questions concerned with the maintenance of socialist law in complex regional development were reviewed in the speeches delivered by Candidate of Legal Sciences V. Remnev and Candidate of Legal Sciences N. Kobets.

Interesting reports were also delivered by candidates of legal sciences Ye. Korenevskaya, M. Shabanov, V. Tolstosheyev, V. Prokoshin, I. Muksinov and S. Solov'yeva. Those participating in the conference adopted the recommendations.

COPYRIGHT: Izdatel'stvo "Ekonomika", "Khozyaystvo i pravo", 1979

7026

CSO: 1820

END

SELECTIVE LIST OF JPRS SERIAL REPORTS

USSR SERIAL REPORTS (GENERAL)

USSR REPORT: Agriculture
USSR REPORT: Economic Affairs
USSR REPORT: Construction and Equipment
USSR REPORT: Military Affairs
USSR REPORT: Political and Sociological Affairs
USSR REPORT: Energy
USSR REPORT: International Economic Relations
USSR REPORT: Consumer Goods and Domestic Trade
USSR REPORT: Human Resources
USSR REPORT: Transportation
USSR REPORT: Translations from KOMMUNIST*
USSR REPORT: PROBLEMS OF THE FAR EAST*
USSR REPORT: SOCIOLOGICAL STUDIES*
USSR REPORT: USA: ECONOMICS, POLITICS, IDEOLOGY*

USSR SERIAL REPORTS (SCIENTIFIC AND TECHNICAL)

USSR REPORT: Life Sciences: Biomedical and Behavioral Sciences
USSR REPORT: Life Sciences: Effects of Nonionizing Electromagnetic Radiation
USSR REPORT: Life Sciences: Agrotechnology and Food Resources
USSR REPORT: Chemistry
USSR REPORT: Cybernetics, Computers and Automation Technology
USSR REPORT: Electronics and Electrical Engineering
USSR REPORT: Engineering and Equipment
USSR REPORT: Earth Sciences
USSR REPORT: Space
USSR REPORT: Materials Science and Metallurgy
USSR REPORT: Physics and Mathematics
USSR REPORT: SPACE BIOLOGY AND AEROSPACE MEDICINE*

WORLDWIDE SERIAL REPORTS

WORLDWIDE REPORT: Environmental Quality
WORLDWIDE REPORT: Epidemiology
WORLDWIDE REPORT: Law of the Sea
WORLDWIDE REPORT: Nuclear Development and Proliferation
WORLDWIDE REPORT: Telecommunications Policy, Research and Development

*Cover-to-cover

END OF

FICHE

DATE FILMED

17 March 1980

D.D.